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TELEGRAM

February 17, 2003

To: No Action Addressee
Action: Unknown
From: AMEMBASSY ABU DHABI (ABU DHABI 772 - ROUTINE)
TAGS: BEXP, BBSR, ECON, ETRD, EINV
Captions: None
Subject: AMEMBASSY ABU DHABI AND AMCONSUL DUBAI FACILITATE U.S.
BUSINESS IN THE UAE
Ref: None

C O N F I D E N T I A L ABU DHABI 00772

SIPDIS
CXABU:
ACTION: ECON
INFO: AMB DCM POL P/M
Laser1:
INFO: FCS

DISSEMINATION: ECON
CHARGE: PROG

APPROVED: AMB: MMWAHBA
DRAFTED: ECON:CCRUMPLER
CLEARED: A/DCM: TWILLIAMS; CGD: ROLSON; FCS: JLANCIA

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RR RUEHC RUEHZM RUEHDE
DE RUEHAD #0772/01 0481444
ZNY CCCCC ZZH
R 171444Z FEB 03
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC 8404
INFO RUEHZM/GCC COLLECTIVE
RUEHDE/AMCONSUL DUBAI 2799

C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 000772

SIPDIS

DEPT FOR NEA/RA, NEA/ARP, EB/CBA FOR MICHAEL GARCIA

E.O. 12958: DECL 02/17/08
TAGS: [BEXP](#) [BBSR](#) [ECON](#) [ETRD](#) [EINV](#) [TC](#)
SUBJECT: AMEMBASSY ABU DHABI AND AMCONSUL DUBAI FACILITATE U.S.
BUSINESS IN THE UAE

REF: STATE 29441

[1](#)1. (U) Classified by Ambassador Marcelle M. Wahba for reasons 1.5 (B) and (D).

[1](#)2. (C) Comment and summary. The U.S. Mission to the UAE has facilitated a number of high-profile business deals in the UAE during the last year. Family connections and political influence remain key to doing business in the UAE and many of our official contacts also own prominent private businesses, act as sponsors to foreign firms, or influence the selection of bids for major government/local contracts. Our close and continuing relationships with the powerful elite in the UAE

has no doubt led to increased U.S. exports, selection of U.S. firms for various contracts and tenders, and positive resolution for U.S. firms in commercial disputes during the last year.
End summary and comment.

Sealing The Deal: Engine Alliance and Emirates Air

13. (C) Following a two-year campaign, Engine Alliance (a General Electric/Pratt & Whitney joint venture) signed a General Terms Agreement on June 5, 2002 with Emirates Airline to provide the engines to power Emirates new fleet of A-380 aircraft. The Ambassador and Consul General in Dubai, supported by FCS Dubai, actively advocated on behalf of Engine Alliance and made official representations on the American firm's behalf throughout the 2-year long campaign, including with Dubai Crown Prince Mohamed Bin Rashid, Emirates CEO Shaykh Ahmed Bin Saeed, and senior executives of Emirates Airline. The expected total value of the program -- with parts and services over the life of the program -- is estimated at over US\$3.6 billion. Additionally, with Emirates seriously considering buying between 10-20 additional A-380s, this deal will squarely put the Engine Alliance in a strong position to capture such follow-on orders.

14. (C) The Ambassador and Consul General have also lobbied extensively with Emirates CEO Shaykh Ahmed on behalf of Boeing's efforts to sell 25 B-777 long-range aircraft to Emirates Air. This sale is still pending.

Managing The Boycott Clause: Raytheon and Civil Aviation

15. (C) The Ambassador, FCS and Econchief's sustained advocacy brought to a close on June 14, 2002 a 39-month long saga to help U.S. firm Raytheon secure a US\$30 million deal with the Abu Dhabi Civil Aviation Department for air traffic control radars in Abu Dhabi and Al-Ain. The Ambassador successfully urged Abu Dhabi Crown Prince (and de facto ruler) Shaykh Khalifa bin Zayid Al-Nahyan to over-rule his own Planning Department in May by having the Abu Dhabi Executive Council -- in writing -- exempt Raytheon from the Israeli boycott clause of the contract.

16. (C) When the French company Airsys proved unable to beat Raytheon's price and the Abu Dhabi Executive Council awarded the contract to the U.S. firm in August 2001, Airsys tried to make an issue of the Israeli boycott clause in the antiquated, standard contract form still used by the Department of Civil Aviation. Using their connections within Abu Dhabi's Planning Committee, the French sought to have the Raytheon bid disqualified for non-compliance unless the firm accepted the boycott provision. Advocacy by the Ambassador and the country team throughout this 3-year period was instrumental in helping Raytheon overcome efforts by Airsys to wrest away the deal.

Moving Full Speed Ahead: Ford Agency Dispute

17. (C) In the fall of 2001, Consul General Dubai made repeated interventions with Dubai Crown Prince Shaykh Mohammed Bin Rashid to resolve a longstanding dispute between Ford Motor Company and its dysfunctional local agent, Galadari Brothers. Shaykh Mohammed directed the Dubai Attorney General to broker an out-of-court settlement that allowed Ford to establish a new agency with Al-Tayer Motors. After being absent from the local market for a number of years, Ford is now once again selling cars in the UAE, and the UAE has developed into one of its most successful regional markets -- helping to offset downturns in the Saudi market, according to the regional Ford office based in Dubai.

Protecting U.S. Pharmaceuticals: PhRMA v. UAEG

18. (C) The Ambassador and Econchief negotiated tirelessly throughout spring 2002 to stop the production of pirated U.S. pharmaceuticals in the UAE and establish adequate IPR protection for American products over the long-term. Despite UAE pharmaceutical manufacturer Julphar's political ties at the highest levels of the UAEG, the Front Office intervened on behalf of the U.S. pharmaceutical industry several times at the political (ministerial) level and doggedly pursued concessions from both industry representative PhRMA and the UAEG in face-to-face negotiations. On March 27, 2002, the UAE Ministries of Health and Finance and Industry conveyed in writing their acceptance of PhRMA's "best and final offer" under which 25 U.S. patent-protected, innovative products would be afforded 5-year data exclusivity protection (as against a UAE-submitted list of 168). Under the terms of the agreement we crafted and which PhRMA and the UAEG accepted, all other U.S.-patented drugs, whether pending registration or not, will be given data exclusivity protection in the UAE market equal to the patent term -- a major commitment which puts the UAE well beyond its minimal WTO TRIPs obligations.

19. (C) To date, the UAEG has kept to the terms of the March agreement and has not registered any new U.S. pharmaceuticals for production in the UAE, despite such requests from Julphar and other local manufacturers. As a result of Post's continuing efforts, the UAE has been removed from the 301 Watchlist -- a major priority for the UAEG -- and passed fully TRIPs-compliant patent, copyright, and trademark laws in 2002, further protecting an incalculable amount/dollar value of U.S. intellectual property in the UAE for years to come.

Sustained Advocacy For U.S. Oil Companies

10. (C) Post has a long tradition of advocating on behalf of U.S. oil companies for government contracts and tenders in the UAE. As a result, U.S. firms are well represented in the oil sector here (Exxonmobil is an equity stakeholder in Abu Dhabi's onshore concession and Conoco-Phillips manages Dubai's main oilfield). Our advocacy efforts paid off in May 2002, when (in a surprise to many in the industry) U.S. energy firm Occidental Petroleum was selected to take a 24.5 percent stake in the US\$3.5 billion Dolphin Project to pipe natural gas from Qatar to the UAE. Aware of Post's sustained efforts to advocate on behalf of American firms, de facto Defense Minister Muhammad bin Zayid Al-Nahyan and patron of the Dolphin Project told the Ambassador in advance of the official announcement on May 8 that a U.S. firm had won the competition.

11. (C) Most recently, ADNOC Deputy CEO Abdullah Bin Nasser Al-Suweidi asked Econchief and Econoff to suggest companies to participate in a joint venture with contracting Al-Fahim Group for oilfield services in the emirate of Abu Dhabi. Econoff passed ADNOC the name of U.S. company Halliburton's regional representative and in January 2003, Halliburton signed a Joint Venture Agreement with Al-Fahim to offer open and cased hole logging and wireline perforating services in Abu Dhabi. While the value of the business is relatively small, it is indicative of the informal way in which the Front Offices frequently facilitate and promote business for U.S. companies.

12. (C) We eagerly await ADNOC's decision later this year to select an international oil company as a 28 percent equity partner in the development of the Upper Zakum oil field -- one of the largest offshore oil fields in the world. This project is both technologically complex and commercially lucrative (the field holds an approximate 40-50 billion barrels of oil; half of Abu Dhabi's reserves). In mid-2002, ADNOC Deputy CEO Abdullah Bin Nasser Al-Suweidi asked Econchief to facilitate contacts at an appropriately senior level with U.S. oil giant Chevron-Texaco; ADNOC had not had previous contact with the firm and wanted to ensure their initial approach was appropriately received. Econchief was able to contact Chevron's Vice-President, brief him on Upper Zakum and Mr. Al-Suweidi, and put the two together by telephone the next day. As a result, Chevron-Texaco has been invited to submit a bid in the project, raising U.S. participation to two (the other is

ExxonMobil), out of a total field of five. While the final decision has not yet been made, ADNOC CEO Yousef Bin Omeir recently told Charge that American oil firms bring the best technology and expertise to the table.

Wahba